COM/CXW/eap * **Mailed 5/25/2001**

Decision 01-05-090 May 24, 2001

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into the Operation of Interruptible Load Programs Offered by Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company and the Effect of these Programs on Energy Prices, Other Demand Responsiveness Programs, and the Reliability of the Electric System.	Rulemaking 00-10-002 (Filed October 5, 2000)

ORDER MODIFYING THE OPTIONAL BINDING MANDATORY CURTAILMENT PROGRAM IN DECISION 01-04-006

A. Summary

The Optional Binding Mandatory Curtailment (OBMC) program set forth in Decision (D.) 01-04-006 is modified to permit OBMC participants to participate in a utility operated capacity interruptible program as long as that program requires the reduction of load to a pre-established firm service level. Further changes raised by the petitions to modify will be considered expeditiously to ensure these programs result in maximum curtailments under both the OBMC and DRP programs in conjunction with the utilities' interruptible programs without a windfall to participants.

B. Background

D. 01-04-006, issued on April 3, 2001, adopted changes to the interruptible tariffs and rotating outage programs of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E). That decision also provided for a broad range of short-term and mid-term tools to help California get through the challenges of the immediate future, while additional steps are taken elsewhere to implement a more comprehensive response to the energy situation that California now faces.

C. Petitions for Modification

With the continued potential for severe electricity shortages this summer, parties to this rulemaking proceeding have filed eight separate petitions for modification (petition) of D.01-04-006, as of May 4, 2001. These petitions were filed to resolve apparent inconsistencies in the decision and to clarify adopted improvements to the interruptible tariffs and rotating outage programs.

This order addresses four of these eight petitions. Each of the four petitions being addressed in this order seeks a modification to the OBMC program, a program which exempts customers from Stage 3 rotating outages in exchange for partial load curtailments during every rotating outage period. These petitions were filed by USS POSCO (UPI) on April 17, 2001; the California Industrial Users Group (CIU) on May 3, 2001; jointly by the California Steel Industries, Inc. and TAMCO Steel (CSI and TAMCO) on May 4, 2001; and jointly by Air Liquide America Corporation, Air Products and Chemicals, Inc., BOC Gases, Inc., and Praxair, Inc. (California Industrial Gas Companies or Companies) on May 4, 2001.

Notice of the UPI petition appeared in the Commission's Daily Calendar on April 18, 2001. Pursuant to an April 19, 2001 Administrative Law Judge (ALJ) Ruling, the response time to UPI's petition was reduced to seven days from the date of the ALJ ruling, April 26, 2001. The California Large Energy Consumers Association (CLECA), the University of California and California State University (UC/CSU), the California Independent System Operator (ISO), PG&E, SCE, and SDG&E filed responses to the petition of UPI. UPI filed a reply to these responses on May 3, 2001.

Notice of the CSI and TAMCO petition appeared in the Commission's Daily Calendar on May 7, 2001. Notice of the CIU and California Industrial Users Group petitions appeared on the Commission's Daily Calendar on May 8, 2001. There has been no filed response to these petitions as on May 18, 2001.

Pursuant to Rule 47(h) of the Commission's Rules of Practice and Procedure the Commission may modify the decision as requested, modify the affected portion of the decision in some other way consistent with the requested modification, summarily deny the petition on the ground that the Commission is not persuaded to modify the decision, or take other appropriate action.

Although the petitions filed after the UPI petition are not identical to the UPI petition, they are similar in that each petition seeks to expand the OBMC program to permit customers participating in a capacity interruptible program to also participate in the OBMC program. These petitions coupled with the petition of UPI and responses to the UPI petition provide us with the necessary information to decide whether the OBMC program should be expanded to permit customers participating in a capacity interruptible program to also participate in the OBMC program. Hence, there is no reason to delay resolution of these petitions.

1. USS POSCO Industries (UPI)

UPI seeks to modify D.01-04-006, which prohibits a customer from participating in both the Commission-authorized OBMC program and the ISO Demand Relief Program (DRP).[1]

UPI asserts that the Commission should recognize that the OBMC program is not a demand reduction incentive program like the DRP, which promotes reduction in energy consumption through monetary incentives. Rather, the OBMC program is the functional equivalent of rotating outages, developed to provide a very limited and carefully monitored alternative for large customers that would be severely damaged by rotating outages. In other words, OBMC is an emergency load-shedding program that encourages participation and related demand reduction by offering customers the option

[1] An ISO program designed to attract new load not participating in any other program. This program, which is similar to the utilities' traditional interruptible programs, compensates participants with both a flat monthly commitment fee and a price for each kilowatt-hour reduced.

of avoiding a catastrophic outage of service during assigned rotating outage periods in exchange for commitment to reduce demand by a specific amount during all periods of rotating outages.

UPI concludes that the OBMC program and the ISO's DRP are not in competition with one another and that the prohibition of participating in both programs serves no useful purpose. Hence, UPI seeks to eliminate the D.01-04-006 prohibition of customer participation in both the OBMC program and the ISO's DRP conditioned upon a requirement that demand during any concurrent OBMC/DRP event must be reduced below the DRP baseline less curtailed rate.

a. Responses to UPI's Petition

CLECA, UC/CSU, ISO, PG&E, SCE, and SDG&E filed responses to UPI's petition for modification of D.01-04-006. Of these respondents, all but PG&E support UPI's petition for modification of D.01-04-006. Each of the respondents in favor of UPI's proposed modification of the OBMC program have recommended additional changes to eliminate inequities between the OBMC program and DRP and to ensure that the OBMC program is workable administratively.

CLECA points out that approval of UPI's petition will require PG&E to modify its Advice Letter 2099-E-A and SCE to modify it's Advice Letter 1530-E, both of which contain a prohibition on participation in the OBMC and any capacity interruptible program. Further, UC/CSU, ISO, and SDG&E believe that the program performance evaluation should be assessed individually, with the demand reduction in effect at a particular time credited first toward the OBMC obligation with the remaining demand reduction then credited toward the DRP. UC/CSU also believe that DRP curtailment calls should be excluded from the 10-day baseline measurement of a particular OBMC performance during simultaneous participation to prevent an artificially and inappropriately low 10-day baseline for measurement of a customer's OBMC performance. SCE also seeks to extend UPI's proposed modification to allow participants in SCE's interruptible program and the new Base Interruptible Program (BIP) to participate in the OBMC program.

Although SDG&E concurs with the proposed modification to the OBMC program, it recommends that the Commission provide the parties additional time to propose solutions to accounting, allocating and tracking of separate, simultaneous load reductions, and reconciliation of different definitions of "baselines." For example, the DRP baseline is based on the average consumption for a given hour from the 10 prior days excluding DRP curtailments and days with rotating outages (OBMC days). The OBMC baseline is based on the average consumption for a given hour from the 10 prior days excluding days when the OBMC program operated and excluding paid VDRP load reductions.

PG&E opposes UPI's petition because it believes that permitting OBMC customers to participate in the DRP would create inequities between those customers who can and cannot participate in both programs. This is because of apparent inequities from the capacity and curtailed energy payments DRP participants receive that enables them to be paid for OBMC load curtailment. PG&E points out that this practice is in conflict with the OBMC program structure that precludes OBMC customers from receiving any payment, as discussed on page 37 of the decision. PG&E further emphasizes its inequity concern by reiterating a March 22, 2001 ISO technical workshop response to a question on the effect on payment of a Firm Curtailment during a DRP call. The ISO responded that it was the ISO's intent to pay loads for a DRP curtailment even if they are impacted at the same time by a rotating outage.

PG&E also opposes the proposed modification on the basis that any change at this time would create unmanageable complications for the OBMC baseline calculation, compliance validation, and program implementation.

PG&E concludes that any modification of the decision that authorizes participation in both the OBMC program and DRP requires the resolution of several other issues. These issues include whether DRP operation days are to be excluded from baseline calculations, whether the calculated OBMC program baseline should be adjusted up or down for DRP contracted load, whether OBMC program participants would be permitted to enroll in other interruptible programs, and whether dependable demand relief available under the OBMC program would be compromised by double counting load reductions under DRP and OBMC.

2. California Industrial Users Group (CIU)

CIU seeks to modify D.01-04-006 by eliminating the prohibition of interruptible program customers from participating in the OBMC program, as set forth in Section 2.4.9 of Appendix A. CIU seeks this modification because it believes that the prohibition on participating in both the interruptible program and the OBMC program is inconsistent with the OBMC program discussion in the decision, the Ordering Paragraphs, and the Adopted Priority System for Rotating Outages set forth in Appendix C.

For example, CIU believes that the Commission expressly acknowledges at pages 36 through 38 of the decision the role that the OBMC program could play in terms of offering non-exempt customers an opportunity to safely shed load during rotating outages, presenting a viable choice for as many customers as possible. That discussion also identifies the benefits of the OBMC program to include maximizing partial load curtailments by participating customers during every rotating outage period, and protecting large customers against significant harm and reducing the threat to public health and safety during rotating outages. CIU finds no discussion that participation in an interruptible program and the OBMC programs are mutually exclusive.

According to CIU, the ordering paragraphs of D.01-04006 contain no prohibition or restriction of interruptible customers participating in the OBMC program. Likewise, CIU could find no such prohibition or restriction in the adopted priority system for rotating outages set forth in Appendix C to the decision. CIU concludes that the prohibition of interruptible program customers from participating in the OBMC program set forth in Section 2.4.9 of Appendix A is neither supported by nor consistent with the decision text, the ordering paragraphs, or Appendix C. Hence, CIU seeks a modification of Appendix A to clarify that customers who participate in existing interruptible programs or the new BIP may also participate in the OBMC program.

CIU also seeks to modify the 15% total required energy reduction against the prior year's usage for the same month, average peak, to include the ability to adjust prior year's usage to reflect reductions due to business conditions or plant operating conditions.

Finally, CIU seeks a modification to clarify that a customer's participation in the OBMC program shall be limited to rotating outages in the territory of the utility from which it obtains service. This means that customers in PG&E's service territory should not be required to shed load during outages in SCE's service territory.

3. CSI and TAMCO

CSI and TAMCO filed a joint petition to modify D.01-04-006 so that, as transmission level interruptible customers of SCE, they may participate in the OBMC program. These companies contend that they have certain critical loads that must be protected from interruption and can only be shut down in a very deliberate and time-consuming process.

CSI and TAMCO acknowledge that the decision provides categorical exclusions from rotating outages to essential use customers, those participating in the OBMC program, and net power supplies to the grid. However, they believe that the decision is incomplete because it does not provide an expedited appeal process on the basis of health and safety to customers that do not fall within one of the categorical exemptions from rotating outages. CSI and TAMCO conclude that the decision should be modified with the following ordering paragraph:

> "Transmission level industrial customers for whom exposure to rotating outages would create health and safety problems for employees and/or members of the public, or for whom rotating outages would cause significant damage to production equipment, may submit requests to the head of the Energy Division requesting an exemption, either partial or complete, from rotating outages. Their request shall include an explanation of all measures taken and/or evaluated for resolution of the health and safety problem short of exemption from rotating outages. The head of the Division shall rule on each application within 5 working days of receipt and shall

> immediately inform both the customer and the serving utility of the determination in writing."

As an alternative, CSI and TAMCO seek to modify the decision to clarify that interruptible customers may participate in the OBMC program.

4. California Industrial Gas Companies

California Industrial Gas Companies, or Companies, filed a joint petition to modify D.01-04-006 so that they may participate in both the interruptible program and in the OBMC program. These Companies produce a wide range of industrial gases used by various entities in their production of critical products and provision of critical services to the public. These gases include oxygen, hydrogen, and nitrogen

The California Industrial Gas Companies would participate in the OBMC program if permitted to do so. However, Section 2.4.9 of Attachment A to the decision prohibits OBMC program participants from also participating in capacity interruptible programs. The Companies believe that this prohibition prevents them and their customers from protection against exposure to unlimited rotating outages.

While the Companies acknowledge that their industrial gas plants can shut down quickly, they explain that it takes up to ten hours after restart to produce usable industrial gas products. Because of this ten-hour restart period, even a couple of rotating outages close in time will significantly disrupt production and quickly deplete inventories of critical gases and expose the Companies' customers to the potential of a disruption in supply.

The California Industrial Gas Companies seek a modification of D.01-04-006 that exempts them from rotating outages provided they reduce usage by at least 15% when the utility implements rotating outages in their service territories. This 15% reduction would be measured by comparison to the average demand for the previous ten similar non-event dates, which is identical to the reduction requirement set forth in the OBMC program. In the alternative, the Companies seek a modification to the decision to prohibit industrial gas facilities from experiencing more than three rotating outages in a seven-day period. If in a given seven-day period interruptions are called in addition to rotating outages, the interruptions should count toward the three-event limit for rotating outages. For example, if an industrial gas company is interrupted twice in a seven-day period under its interruptible contract, it could only be subject to one rotating outage during the remainder of that period.

D. Discussion

At issue in these petitions is whether the OBMC program should be expanded to include customers also participating in a capacity interruptible program. UPI's petition seeks to expand the OBMC program to customers participating in the ISO's DRP program. A number of respondents to the UPI petition concur with UPI that joint participation in these two programs should be allowed even though they acknowledge that administrative issues need to be resolved if such joint participation is to be authorized. For example, it would be necessary to establish required load reductions for the two programs with different baselines, track and coordinate actual load reductions, establish an accurate and timely payment procedure, establish a procedure to ensure that no payments are received for OBMC reductions, and establish an allocation of load reductions and non-compliance to the two programs.

Although UPI responded and proposed solutions to several of these administrative issues in its May 3, 2001 reply to other parties' comments to its petition, it has not convinced us at this time that these administrative issues can be resolved immediately. For that reason, the petition of UPI for authority to allow customers to participate in both the ISO's DRP program and OBMC program is held in abeyance for further order. We will pursue the coordination between the ISO's DRP program and the OBMC program expeditiously in a subsequent order.

The remaining petitions seek to expand the OBMC program to include customers already participating in capacity interruptible programs. The proposal of CIU to include interruptible customers with firm service levels of zero, or close to zero, in the OBMC program should be examined further. We do not want to have the unintended consequence of customers leaving the interruptible programs in order to participate in the OBMC. While the inclusion of such customers does not appear to advance the OBMC program goal of reducing the firm load upon request, it may prevent industrial customers from avoiding losses associated with blackouts unless they exit the interruptible program. CIU states that it may be more valuable to customers to participate in the OBMC to avoid business losses than it is to get the interruptible program discounts. We should not inadvertently incite customers to leave the interruptible programs. It may be that, if an interruptible customer has a firm service level of zero, then that customer would not have load available at the time of the OBMC call to provide the requested load reduction. We should carefully further consider the likelihood of this occurring and balance it against customers changing from non-firm service to firm. Therefore, we should further consider options that allow maximum overall curtailment this summer. We will further consider the proposal of CIU to include interruptible customers with zero or low firm service levels into the OBMC program. Such further consideration may include whether we should eliminate or reduce the interruptible program monetary incentives if OBMC baseline is altered to permit dual participation by these zero or low FSL customers.

CIU also proposes that the OBMC program's 15 percent required load reduction be modified to include the ability to adjust for business conditions in order to maximize participation. Under this proposal, CIU proposes that customers be exempt from rotating outages solely because prior year usage was reduced due to business conditions or plant operating conditions. While, the goal of the OBMC program is firm load reductions when required, we must balance this against the need to maximize participation in load curtailment programs. This proposed modification will be considered further in a subsequent order.

CIU proposes to clarify that OBMC program customer's participation to rotating outages in the territory of the utility from which the customer obtains service. The utilities' approved tariffs already state that the OBMC operates when the ISO requires firm load reductions in the utility service territory. However, to clarify this condition in the OBMC program, we will add the phrase "by the customer's electric distribution utility" to Section 2.4.2 of Attachment A to the decision. That section should now read as follows:

> "2.4.2 The OBMC program operates only when firm load reductions are required (i.e., concurrent with rotating outages) by the customer's electric distribution utility."

We consider the request of CSI and TAMCO to establish a special process for transmission level customers to request exemptions from rotating outages to be premature. We are currently establishing a process to evaluate the need to exclude customers from rotating outages because of health and safety concerns. CSI and TAMCO may participate in that process when offered. The alternative proposal of CSI and TAMCO to allow interruptible customers to participate in the OBMC program is granted to the extent provided in this order.

California Industrial Gas Companies request permission to participate in both interruptible programs and a modified version of the OBMC program. We decline to establish a separate OBMC program for this group of customers. To the extent that this decision allows interruptible program participants to also participate in the OBMC program, its petition is granted.

Although we reject the proposed modifications to include interruptible program participants into the OBMC program, the arguments presented by the petitioners and respondents for dual participation in the OBMC and interruptible programs persuade us that it would be beneficial to allow such dual participation if the required load reductions are not double counted and administrative problems can be resolved. The requests for participation in the OBMC program and the ISO's DRP had administrative problems. One problem was that both programs have baseline calculations that vary with customer use. The utility capacity interruptible programs, on the other hand, rely on a customer selected firm service level. The firm service level is fixed. Therefore, it is a much easier task to determine the required load reduction because only one baseline must be calculated at the time of an OBMC call. In addition, the accounting and payment system is simplified if both the interruptible program and the OBMC are operated by the same entity. There is one complication in using a FSL for customers with wide variations in load. Some customers' FSL are at times higher than their service level. In order to ensure actual load reductions occur, the lower of the customer's 10-day baseline or FSL should be used as a base for any OBMC reductions. For most customers, the FSL will always be lower than the 10-day baseline.

The OBMC program should be modified to include those participants in a utility operated capacity interruptible program as long as the interruptible program requires a reduction of load to a pre-established firm service level. Unfortunately, using a customer's FSL only works if there is only one customer per circuit. Groups of customers on one circuit who desire to participate in OBMC cannot rely on a single customers FSL because the required load reduction is to the circuit not to any single customer or group of customers. Therefore, we instruct the UDCs to develop a modification to allow groups of customers to participate in both the OBMC and interruptible programs. The OBMC program criteria set forth in Attachment A to D.01-04-006 should be modified as set forth in an Ordering Paragraph of this decision. Further modifications on the petitions will be considered expeditiously in order to minimize the extent of service disruptions for all customers. Utility implementation of these programs shall not be delayed to await our further order.

E. Comments on Draft Decision

Rule 77.7(f)(9) of the Commission's Rules of Practice and Procedure provides in relevant part that:

> " the Commission may reduce or waive the period for public review and comment under this rule…for a decision where the Commission determines, on the motion of a party or on its own motion, that public necessity requires reduction or waiver of the 30-day period for public review and comment. For purposes of this subsection, "public necessity" refers to circumstances in which the public interest in the Commission adopting a decision before expiration of the 30-day review and comment period clearly outweighs the public interest in having the full 30-day period for review and comment. "Public necessity" includes, without limitation, circumstances where failure to adopt a decision before expiration of the 30-day review and comment period…would cause significant harm to public health or welfare. When acting pursuant to this section, the Commission will provide such reduced

> period for public review and comment as is consistent with the public necessity requiring reduction or waiver."

We balance the public interest in quickly addressing modifications to the OBMC program due to the severe electric shortage and expectations of rolling outages this summer against the public interest in having the full 30-day comment cycle on the proposed modifications. We conclude that the former outweighs the latter. We must respond quickly in order to provide some certainty in the upcoming months, and find that a reduced public review and comment period balances the need for input with the need for timely action before Summer 2001.

On May 18, 2001, the draft decision of Assigned Commissioner and Presiding Officer Wood on this matter was mailed to parties in accordance with Section 311(g) of the Public Utilities Code and Rule 77.7 of the Commission's Rules of Practice and Procedure. Comments were filed on May 21, 2001.

Parties that filed and served comments on the proposed decision included the California Industrial Gas Companies, California Industrial Users and Energy Producers and Users Coalition, California Manufacturers and Technology Association, CLEC, SCE, SDG&E, and UPI. All comments that were timely filed and served were carefully reviewed and considered. To the extent that such comments required discussion or changes to the proposed decision, the discussion or changes have been incorporated into the body and attachment of this order.

Findings of Fact

1. Petitions to modify the OBMC program set forth in D.01-04-006 were filed by UPI, CIU, CSI and TAMCO, and the California Industrial Gas Companies.

2. Notice of UPI's petition appeared in the Commission's Daily Calendar on April 18, 2001.

3. CLECA, UC/USC, the ISO, PG&E, SCE, and SDG&E filed responses to the petition of UPI.

4. Notice of the CSI and TAMCO petition appeared in the Commission's Daily Calendar on May 7, 2001.

5. Notice of the CIU and California Industrial Users Group petitions appeared in the Commission's Daily Calendar on May 8, 2001.

6. As of May 18, 2001 no filed responses have been filed to the CSI and TAMCO, CIU, or California Industrial Users Group petitions.

7. Although the petitions being considered by this order are not identical, they are similar in that each petition seeks to expand the OBMC program to permit customers participating in a capacity interruptible program to also participate in the OBMC program.

8. UPI seeks to modify D.01-04-006 so that a customer may participate in both the OBMC program and the ISO DRP.

9. The ISO's DRP is a demand reduction incentive program.

10. The OBMC program is an emergency load-shedding program.

11. The DRP baseline is based on the average consumption for a given hour from the 10 prior days excluding DRP curtailments and days with rotating outages (OBMC days).

12. The OBMC baseline is based on the average consumption for a given hour from the 10 prior days excluding days when the OBMC program operated and excluding paid VDRP load reductions.

13. The OBMC program structure precludes OBMC customers from receiving any payment.

14. It is the ISO's intent to pay loads for a DRP curtailment even if they are impacted at the same time by a rotating outage.

15. The benefits of the OBMC program include maximizing partial load curtailments by participating customers during every rotating outage period, and protecting large customers against significant harm and reducing the threat to public health and safety during rotating outages.

16. The utilities' approved tariffs state that the OBMC operates when the ISO requires firm load reductions in the utilities' service territory.

17. Changes in customer load patterns were taken into consideration when we established the OBMC program

18. Section 2.4.9 of Attachment A to the decision prohibits OBMC program participants from also participating in capacity interruptible programs.

19. The utility capacity interruptible programs currently rely on a customer selected firm service level, which may prevent participation in both the OBMC and the interruptible programs for some large customers.

20. The OMBC's 15 percent load reduction criteria should be balanced with the need to maximize participation in load curtailment programs.

Conclusions of Law

1. D.01-04-006 should be modified to clarify that a customer's participation in rotating outages of the OBMC program is limited to the territory of the utility from which the customer obtains service.

2. D.01-04-006 should be modified to permit OBMC program participants to also participate in utility operated capacity interruptible programs.

3. Section 2.4.3 of the OBMC program should clarify that the OBMC baseline excludes paid VDRP load reduction days.

4. The petitions of UPI, CIU, CSI and TAMCO, and California Industrial Gas Companies should be approved or held in abeyance to the extent provided for in the following order.

5. The period for public review and comment on the draft decision should be reduced, pursuant to Rule 77.7(f)(9), as we balance the need to act quickly to modify the OBMC program in advance of this summer against the public interest in having a full 30-day public review and comment period.

6. Because of the public interest in avoiding rotating outages in the summer of 2001, the following order should be effective immediately.

IT IS ORDERED that:

1. The Optional Binding Mandatory Curtailment (OBMC) program criteria set forth in Attachment A of Decision (D.) 01-04-006 shall clarify that a customer's participation in the OBMC program for rotating outages shall be limited to the territory of the utility

from which the customer obtains service and that Voluntary Demand Response Program (VDRP) reductions are excluded from OBMC program base lines. Section 2.4.2 and the last sentence of Section 2.4.3 of that document shall be revised as follows, and as detailed in Attachment A to this order.

> "2.4.2 The OBMC program operates only when firm load reductions are required (i.e., concurrent with rotating outages) by the customer's electric distribution utility."
>
> "2.4.3 The 10 similar days will exclude days when the OBMC program operated and paid VDRP reductions."

2. D.01-04-006 shall be modified to permit OBMC program participants to participate in a utility operated capacity interruptible program as long as that program requires the reduction of load to a pre-established firm service level. Accordingly Section 2.4.9 of Attachment A to D.01-04-006 shall be modified and Section 2.4.10 and 2.4.11 shall be added to the Attachment as set forth below. The revised elements of the OBMC program are attached to this order as Attachment A. We hold in abeyance further consideration of changes requested in the CIU petition to modify this baseline requirement.

> "2.4.9 OBMC participants who are the only customers on their circuit may participate in a utility operated capacity interruptible program as long as that program requires the reduction of load to a pre-established firm service level (FSL).
>
> > 2.4.9.1 Acceptable interruptible programs include but are not limited to the BIP, SCE's I-6, PG&E's E-20 non-firm, and SDG&E's AV-1 and AV-2.
> >
> > 2.4.9.2 If a customer participates in both a capacity interruptible program and the OBMC program, the required OBMC reduction shall be applied to the lower of the 10-day baseline or the customer's FSL. For example, a customer with a FSL of 8 MW that is called for a 10% OBMC reduction would be required to reduce load to 7.2 MW.

2.4.9.3 Only load reductions below the lower of the customer's interruptible FSL and the 10-day baseline are counted toward compliance with the OBMC.

2.4.9.4 When a participant in a capacity interruptible program has completed its annual obligations under that program, the load reduction requirements in 2.4.9.2 and 2.4.9.3 will no longer apply.

2.4.10 OBMC participants may participate in the VDRP program, but shall not be paid for any load reductions occurring during an OBMC call.

2.4.11 OBMC participants shall not participate in the ISO's DRP or in a utility program that aggregates load for the ISO's DRP."

3. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall file advice letters to revise their respective tariffs to incorporate the OBMC program changes being authorized by the order within five days after the effective date of this order.

4. We shall further consider expeditiously the remaining issues raised in the UPI and CIU petitions to modify.

5. Rulemaking 00-10-002 shall remain open to address the second phase of this rulemaking proceeding which includes the consideration of interruptible programs and curtailment priorities for the Summer of 2002, and any other issue or issues identified by the Commission, Assigned Commissioner and Presiding Officer, or Administrative Law Judge.

This order is effective today.

Dated May 24, 2001, at San Francisco, California.

LORETTA M. LYNCH
President
HENRY M. DUQUE
RICHARD A. BILAS

CARL W. WOOD
GEOFFREY F. BROWN
Commissioners

ATTACHMENT A
Page 1
CHANGES TO CURRENT INTERRUPTIBLE PROGRAMS,
NEW INTERRUPTIBLE PROGRAMS,
AND ROTATING OUTAGE PROGRAMS
May 24, 2001
R.00-10-002

2.4 Optional Binding Mandatory Curtailment Program

Elements of Optional Binding Mandatory Curtailment (OBMC) Program.

2.4.1 The OBMC program exempts participants from rotating outages if they can reduce the load on their entire circuit by the required amount for the entire duration of every rotating outage.

2.4.2 The OBMC program operates only when firm load reductions are required (i.e., concurrent with rotating outages) by the customer's electric distribution utility.

2.4.3 The baseline used to determine if the required load reduction has been obtained will be the average load of the immediate past 10 similar days during the period of the interruption. Similar days are either business days or weekend days and holidays. The 10 similar days will exclude days when the OBMC program operated and paid VDRP load reductions.

2.4.4 Load reductions will be requested in increments of 5%.

2.4.5 Participants must have the ability to reduce circuit load by 15%. The baseline used to determine if the 15% reduction can be met is the prior years, same month, average peak period usage, adjusted for major changes in facilities. However, the customer must be able to produce at least a 10% load reduction based on the criteria in 2.4.3.

2.4.6 UDCs are required to facilitate circuit aggregation when requested by customer.

ATTACHMENT A
Page 2

2.4.7 The failure to reduce load as required will result in penalties equal to $6/kWh for all excess energy. If a participant fails to reduce circuit load to within 5% of the required amount on two occasions in any one-year the customer's participation in the program shall be terminated and the customer shall be prohibited from participating in an OBMC program for 5 years.

2.4.8 Program participants shall pay the cost of any equipment required to participate in the program.

2.4.9 OBMC participants who are the only customers on their circuit may participate in a utility operated capacity interruptible program as long as that program requires the reduction of load to a pre-established firm service level (FSL).

2.4.9.1 Acceptable interruptible programs include but are not limited to the BIP, SCE's I-6, PG&E's E-20 non-firm, and SDG&E's AV-1 and AV-2.

2.4.9.2 If a customer participates in both a capacity interruptible program and the OBMC program, the required OBMC reduction shall be applied to the lower of the 10-day baseline or the customer's FSL. For example, a customer with a FSL of 8 MW and a 10-day baseline of 10 MW that is called for a 10% OBMC reduction would be required to reduce load to 7.2 MW.

2.4.9.3 Only load reductions below the lower of the customer's interruptible FSL and the 10-day baseline are counted toward compliance with the OBMC.

2.4.9.4 When a participant in a capacity interruptible program has completed its annual obligations under that program, the load reduction requirements in 2.4.9.2 and 2.4.9.3 will no longer apply.

2.4.10 OBMC participants may participate in the VDRP program, but shall not be paid for any load reductions occurring during an OBMC call.

2.4.11 OBMC participants shall not participate in the ISO's DRP or in a utility program that aggregates load for the ISO's DRP.

(END OF ATTACHMENT A)